



UNITED STATES SENATOR ★ SERVING THE CITIZENS OF IDAHO

LARRY CRAIG

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NEWS RELEASE

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Dan Whiting (202) 224-8078
Will Hart (208) 342-7985

CRAIG PROMOTES HOUSING STIMULUS PACKAGE

WASHINGTON, D.C. – Idaho Senator Larry Craig today joined in introducing the Security Against Foreclosures and Education (SAFE) Act in the Senate, legislation targeted to help families and neighborhoods avoid foreclosure during the current subprime mortgage crisis.

“The SAFE Act is a smarter solution to helping homeowners and homebuyers hurting right now,” Craig said. “Because it targets relief to those in need and uses existing federal funding, it is more efficient and should have a more immediate impact on our economy. Unlike the deficit-busting stimulus bill which distributed small rebates to most every American citizen, the SAFE Act sends relief directly to the problem.”

Craig opposed the economic stimulus package approved in February. At the time he stated, “It will only increase our already bloated national debt” because it misses the mark in addressing the real problem in the economy – housing. He pointed out he supports a tax credit for homebuyers purchasing homes currently in the inventory.

First, the SAFE Act authorizes \$10 billion, proceeds from tax exempt bonds, to refinance distressed subprime mortgages by using existing State Housing Financing Agencies.

It expedites delivery of \$180 million in unspent foreclosure counseling funds as loan counseling groups demonstrate the need and their ability to manage the funds. This program originated in the fiscal year 2008 omnibus spending bill which passed the Congress in December, and some funding already has been spent.

Craig said the SAFE Act provides tax credits of \$15,000 for the purchase of homes in foreclosure. Potential home buyers also are offered protections through increased disclosure in loan details. He pointed out that existing “Truth in Lending” requirements predate today’s confusing new loans like adjustable rate mortgages with initial teaser rates. The SAFE Act ensures that borrowers considering such mortgages will know of any introductory rates and payment, when they expire, the amount of the new adjustable rate and the payment under the higher rate, as well as any prepayment penalty.

Special protections are provided for soldiers returning from overseas deployments. The current three-month protection from foreclosure is extended to six months to help these troops who have endured extended absences from home.

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Relief for businesses includes expanded tax rebates for operating losses. Because their losses are so large, firms qualifying for tax rebates based on their operating losses cannot otherwise claim the full rebate benefit.

The SAFE Act also includes the provisions of the Federal Housing Authority Modernization Act, overwhelmingly passed by the Senate last year, to provide affordable credit to homeowners either to buy homes or to seek relief from abusive loans and foreclosures.